



IRAQ Status Report

U.S. DEPARTMENT OF STATE
Bureau of Near Eastern Affairs
Iraq Policy & Operations Group

A BIWEEKLY REVIEW OF DEVELOPMENTS IN IRAQ

UNCLASSIFIED

JULY 21, 2011

KEY DEVELOPMENTS

- [U.S. Consulate Opens in Erbil](#)
- [The Government of Iraq Makes Progress on IDPs](#)
- [New Church Opens in Kirkuk](#)
- [Marriott Comes to Erbil](#)
- [Iraq-Shell Gas Deal Reached](#)
- [U.S. Business Council Opens in Baghdad](#)
- [Spotlight on PRT Diwaniyah](#)

ADDITIONAL UPDATES

- [Economic Data](#)
- [Other Headlines](#)

Politics and Diplomacy

U.S. Consulate Opens in Erbil: Deputy Secretary of State Thomas Nides officially opened U.S. Consulate General Erbil on July 10, 2011. Ambassador James Jeffrey and Kurdish Regional Government (KRG) President Massoud Barzani, along with a number of other U.S. and KRG officials, participated in the opening ceremony. The new Consul General, Alex Laskaris, said that Consulate General Erbil will provide a U.S. diplomatic presence to the three provinces of the Kurdish Region of Iraq: Erbil, Suleimaniya, and Dohuk. **(NEA-I-POL; Embassy Baghdad)**

The Government of Iraq Makes Progress on IDPs: The Government of Iraq (GOI) has made real progress in addressing the issue of the 1.2 million internally displaced persons (IDPs) since January 1, 2011. The new Minister of Displacement and Migration (MoDM) directed a draft national refugee-IDP strategy, which envisions local integration of IDPs as an official durable solution. A previous 2008 strategy allowed only for return to places of origin, ignoring the reality that many IDPs will not return due to lingering security concerns, and inaccessible property. In March the MoDM extended the refugee-IDP assistance grant beyond returnees to those who decide to integrate locally, and at the same time increased the grant from \$1,290 to \$3,423 per family. These actions had an immediate effect. In May the UN High Commission for Refugees (UNHCR) reported that the monthly number of IDPs and refugees who had found durable solutions, either returned home or locally integrated, was the highest figure since August 2009. Additionally, the GOI has taken concrete steps towards durable solutions for Iraq's 500,000 IDP squatters. In Karbala, local officials for the first time provided government land to allow local integration. In April, a housing project for approximately 250 families was opened.

The project was implemented by UNHCR with the support of the U.S. Department of State's Bureau of Population, Refugees, and Migration. (NEA-I-POL; Embassy Baghdad)

Provincial Affairs

New Church Opens in Kirkuk: The first church to be constructed in Iraq since 2003 opened in the northern city of Kirkuk. The new church complex also serves as a housing community for about 200 Christian families who fled to Kirkuk and nearby regions from other parts of the country. The complex was built on land donated by the Government of Iraq and financed by donations, including \$10,000 by President Jalal Talabani. In a symbolic gesture of solidarity with the Christian community, Sheikh Ahmed Muhammad Ameen, the Muslim Imam of Kirkuk, recited a prayer before the congregation, asking God for peace and security for the people of Kirkuk and the rest of Iraq. Hassan Toran, the chief of Kirkuk's provincial council, said that the local government "will support the Christians, financially and morally." ([AFP](#))

Economic Activity

Marriott Comes to Erbil: On July 10, President and Managing Director for International Lodging Ed Fuller announced the construction of two hotels in Erbil. U.S. Consulate General Erbil hosted a signing ceremony for Marriott and its local franchisee, Empire-Iraq. Fuller cited Erbil's commercial air infrastructure and a growing business presence as drivers of the projects' feasibility, and he forecasted that where business leads, tourism will eventually follow. The projects are Marriott's first properties in Iraq and are scheduled to open concurrently in 2014. The two properties will be co-located, one being a 200-room upscale Marriott Hotels & Resort. The other will be a 75-unit deluxe Marriott Executive Apartment. Empire-Iraq is an Iraqi company headquartered in Erbil and is also engaged in developing a 22-acre site near Erbil International Airport called Empire World. In addition to the Marriott properties, the development will include residential towers, private villas, office towers, and retail and leisure space. (NEA-I-POL; Embassy Baghdad)

Iraq Signs Another Preliminary Agreement with Royal Dutch Shell on Southern Gas: Iraqi Oil Minister Abdul Kareem Luaiby and Royal Dutch Shell PLC said on July 12 they reached a preliminary accord on a \$12 billion deal for producing natural gas from three giant southern oil fields: Rumaila, Zubair, and West Qurna Phase 1. Japan's Mitsubishi Corp., a minority partner, also signed. Deputy Oil Minister Ahmed al-Shammaa said that the deal would help increase Iraq's gas production from 1.5 billion cubic feet a day to more than 2.5 billion cubic feet a day. The two sides signed a Heads of Agreement in September 2008 to begin negotiations, but the talks have been delayed, mainly over the pricing of gas sold to the Iraqi government for power generation in the country. Under the current system, the Ministry of Oil sells the gas to the Ministry of Electricity and other government entities at subsidized rates. Shell and Mitsubishi wanted the gas to be sold at prices that match international standards. It is still unclear how this discrepancy was resolved. The Committee Chair of the Oil and Gas Committee, Adnan al-Janabi, is seeking a ban on all contracts signed after the Third Bid Round. He specifically

mentioned this gas deal as one that should be put on hold until a Hydrocarbon Law was passed by the Council of Representatives. ([WSJ](#))

U.S. Business Council Opens in Baghdad: Following a meeting in Baghdad with U.S. Deputy Secretary of State Thomas Nides, the chairman of the Iraqi National Investment Commission Dr. Sami al-Araji announced the official opening of the U.S. Business Council in Iraq. The Council will deal with the Iraqi private sector to encourage economic development, particularly in small and medium-sized industries. Araji called for the support of U.S. financial institutions through granting facilities to the investors, particularly in the fields of housing, electricity, and infrastructures. Nides emphasized the strong bilateral relations between the United States and Iraq, and called on U.S. companies to seize the opportunities available to them in Iraq. ([Aswat al-Iraq](#))

Spotlight on PRT Diwaniyah

After three years of operation, PRT Diwaniyah closed its doors for the final time on June 25, 2011. In support of the Strategic Framework Agreement, the PRT assisted with capacity building in the areas of governance, rule of law, education and culture, economic development, and public health in the Diwaniyah province, which was neglected for decades under the prior regime. By working closely with their paired military partners, PRT Diwaniyah overcame challenges associated with its relatively small team and succeeded in produced substantial results.

PRT members provided significant material contributions in support of the 2009 provincial and 2010 parliamentary elections, producing and distributing hundreds of posters and pamphlets and conducting training sessions on participation in the democratic process. To support the elected officials and the democratic process further, PRT Diwaniyah also worked to build capacity within the provincial bureaucracy and civil society organizations by providing training on urban planning, budgeting, project management, leadership, accounting systems, and human resources. Although the USG funded projects that built roads, bridges, electrical substations and distribution systems, water treatment facilities, and provided garbage trucks, PRT Diwaniyah's emphasis on advising and mentoring in lieu of construction was evident in its clean water initiative. A PRT member and experienced water treatment engineer from California created a curriculum and provided weekly classes to groups of water treatment engineers.

PRT Diwaniyah's public health advisor acted as mentor to the Provincial Director General for Health, increasing the coordination and effectiveness of public health initiatives. The PRT was instrumental in the rehabilitation and equipping of the Diwaniyah Health Training Center. Completed in 2010, the state of the art facility continues to provide emergency medical training for civil defense, SWAT, police and private citizens, and has also conducted training for midwives to combat rural birth mortality rates.

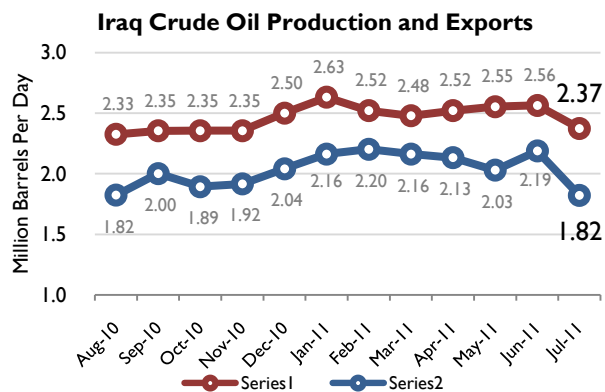
PRT Diwaniyah implemented a public diplomacy outreach program to improve public awareness of U.S. efforts in the province and counter false information. The PRT conducted numerous TV and radio interviews to answer questions about its programs and projects, took its military

counterparts to schools and cultural events to create positive public interactions with U.S. forces, and sent numerous participants on exchange programs to the U.S. The PRT created a handout (in both Arabic and English) which listed program areas and the total amount spent by the USG in each since 2003. Shortly before closing, the PRT printed an Arabic newspaper for widespread provincial distribution detailing the U.S. contributions to the province, along with a letter from the team leader expressing the PRT's appreciation for the support, partnerships, and friendships from the people of Diwaniyah. **(PRT Diwaniyah; NEA-I-PRT/T)**

Current Economic Indicators

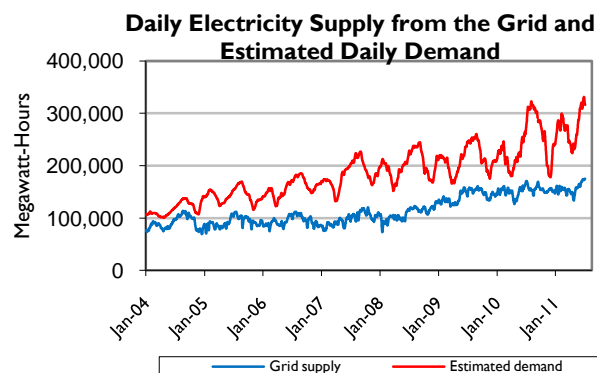
Crude Oil Average Closing Prices (July 4 – July 15)

Basrah Light \$110.64/bbl || Dated Brent \$116.03/bbl || WTI Cushing \$96.89/bbl || Oman/Dubai \$109.16/bbl



2010 Oil Revenue: \$51.4 Billion (est)

2011 Oil Revenue: \$37 Billion (est)



Supply of electricity from the grid July 13-19 was 13% above 2010 and met 52% of estimated demand compared with 51% for the year-earlier period.

Source: Department of State, NEA/I Economics Section, NEA-I-ECON-DL@state.gov

Other Headlines

President Talabani Accepts Vice President Mehdi's Resignation (July 11, [Aswat al-Iraq](#))

Delegation to Arrange Pope Visit to Iraq (July 11, [Aswat al-Iraq](#))

For additional information, please see:

- **Department of State, Iraq Status Reports**
<http://www.state.gov/p/nea/rls/rpt/c28010.htm>
- **Department of State, Section 1227 Report on Iraq**
<http://2001-2009.state.gov/p/nea/rls/rpt/>
- **Department of Defense, Section 9010 Measuring Stability and Security in Iraq**
http://www.defenselink.mil/home/features/Iraq_Reports/index.html
- **Central Intelligence Agency, World Factbook**
<https://www.cia.gov/library/publications/the-world-factbook/geos/iz.html>

Please forward all questions and/or comments to:
NEA-I-IPOG-DL@state.gov or call 202-663-1584